

Message Text

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FOR KUX, NEA/INS

E. O. 11652: N/A

TAGS: EAGR, IN

SUBJECT: PL 480 TITLE I; SELF-HELP LANGUAGE

WHILE YOU HAVE BEEN DISCUSSING PL 480 WITH THE INDIAN EMBASSY IN WASHINGTON, WE HAVE BEEN EXAMINING REQUIREMENTS FOR THE TEXT OF A POSSIBLE AGREEMENT. THE REQUIREMENT FOR SELF-HELP LANGUAGE COULD CAUSE SOME PROBLEM IN NEGOTIATIONS. CONSEQUENTLY, WE HAVE LOOKED INTO THIS AND PRODUCED THE LANGUAGE BELOW WHICH WE BELIEVE THE GOI COULD AGREE TO AND WHICH WE BELIEVE WOULD MEET THE REQUIREMENTS OF THE LAW.

QUOTE: THE TWO GOVERNMENTS HAVE CONSULTED ON THE PROBLEMS ARISING FROM THE GAP BETWEEN FOOD PRODUCTION AND CONSUMPTION REQUIREMENTS AND ON MEASURES TO MEET THESE PROBLEMS, INCLUDING THOSE REFLECTED IN RESOLUTIONS ADOPTED BY THE WORLD FOOD CONFERENCE IN ROME IN NOVEMBER 1974. THE INDIAN GOVERNMENT, AS PART OF ITS OVERALL DEVELOPMENT PROGRAM, IS GIVING PRIORITY TO ITS PROGRAMS TO IMPROVE PRODUCTION, STORAGE AND DISTRIBUTION OF AGRICULTURAL COMMODITIES, PARTICULARLY FOOD CROPS. OVER THE PERIOD OF THE FIFTH FIVE-YEAR PLAN (1974-1979) THESE PROGRAMS ARE DESIGNED NOT ONLY TO MAKE THE COUNTRY SELF-SUFFICIENT IN FOODGRAINS IN FAVORABLE YEARS, BUT TO BUILD A BUFFER

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STOCK FOR YEARS OF ADVERSE CLIMATIC CONDITIONS. TO ACHIEVE

THIS A TARGET COMPOUND RATE OF GROWTH IN FOODGRAIN PRODUCTION OF 4.2 PERCENT HAS BEEN ESTABLISHED FOR THE PERIOD.

THE MAJOR ELEMENTS OF THE GOVERNMENT'S GENERAL STRATEGY COMPRISE: (A) INTENSIFICATION OF PROBLEM-ORIENTED AGRICULTURAL RESEARCH; (B) STRENGTHENING OF AGRICULTURAL EXTENSION AND ADMINISTRATION; (C) EXPANSION OF THE PROGRAM OF MULTIPLICATION AND DISTRIBUTION OF CERTIFIED SEEDS; (D) INCREASED IN THE CONSUMPTION OF CHEMICAL FERTILIZERS AND IMPROVEMENT IN THE EFFICIENCY OF FERTILIZER USE; (E) EXTENDED IRRIGATION AND IMPROVED WATER MANAGEMENT; (F) EXPANSION OF INSTITUTIONAL CREDIT; (G) DEVELOPMENT OF POST-HARVEST FACILITIES INCLUDING EXPANSION IN THE ROLE OF COOPERATIVE AGENCIES IN THE MARKETING OF CROPS; (H) SUBSTANTIAL EXPANSION OF STORAGE TO SUPPORT MARKETING INFRASTRUCTURE; (I) EFFECTIVE OPERATION OF AN AGRICULTURAL PRICE POLICY WHICH PROVIDES REQUISITE INCENTIVE FOR SUSSTAINED AND HIGHER PRODUCTION; AND (J) EXECUTION OF PLANNED LAND REFORM MEASURES.

WITHIN THIS STRATEGY THE FOLLOWING MEASURES MAY BE HIGHLIGHTED:

1. IRRIGATION. RECOGNIZING THAT ASSURED WATER SUPPLY IS ESSENTIAL FOR THE ADOPTION OF THE MOST PRODUCTIVE ADVANCES IN AGRICULTURAL TECHNOLOGY, THE GOVERNMENT IS CONTINUING PROGRAMS FOR THE EXTENSION AND IMPROVED UTILIZATION OF MAJOR AND MEDIUM-SIZE IRRIGATION SCHEMES. DURING THE PERIOD OF THE FIFTH PLAN, THE OBJECTIVE IS TO INCREASE SUCH IRRIGATION POTENTIAL BY 29PERCENT TO A TOTAL OF 27.6 MILLION HECTARES. EMPHASIS IS ALSO BEING GIVEN TO THE MODERNIZATION OF OLDER IRRIGATION PROJECTS FOR BETTER CONTROL OF DISTRIBUTION AND AUGMENTATION OF WATER SUPPLIES FOR CONTINUOUS CROPPING THROUGH NEW SURFACE STORAGE AND PUMPING GROUNDWATER.

AT THE FARM LEVEL THE GOVERNMENT IS ACCORDING HIGH PRIORITY TO THE ALLOCATION OF SCARCE ELECTRIC POWER FOR PUMP IRRIGATION, AND INTENDS TO INCREASE THE AVAILABILITY AND RELIABILITY OF RURAL POWER SUPPLY. THE EXPANDING RURAL ELECTRIFICATION PROGRAM IS ORIENTED TO SUPPORTING AGRICULTURAL PRODUCTION THROUGH FURTHER ENERGIZATION OF IRRIGATION PUMPS.

2. FERTILIZER. DESPITE RISING PRICES AND MATERIALS SHORTAGES, GOVERNMENT PROGRAMS ARE BEING UNDERTAKEN TO INCREASE CONSUMPTION OF CHEMICAL FERTILIZERS DURING THE FIFTH PLAN. IN REGARD TO DOMESTIC PRODUCTION, BESIDES COMPLETION OF ADDITIONAL PUBLIC AND LIMITED OFFICIAL USE

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PRIVATE SECTOR FERTILIZER PLANTS, INCREASED ATTENTION IS BEING GIVEN TO MAXIMIZING UTILIZATION OF EXISTING CAPACITY THROUGH PLANT MODERNIZATION AND RENOVATION, IMPROVED MAINTENANCE, AND ASSURING BETTER SUPPLY OF POWER AND RAW MATERIALS. IN ORDER TO OPTIMIZE USE OF FERTILIZER, A MAJOR EXHANSION OF SOIL TESTING AND EXTENSION ACTIVITY IS PLANNED, AS WELL AS STRENGTHENING OF DISTRIBUTION CHANNELS THROUGH COOPERATIVES. A SUBSTANTIAL PROGRAM FOR

DEVELOPMENT OF LOCAL MANUFACTURAL RESOURCES IS ALSO BEING UNDERTAKEN.

3. AGRICULTURAL CREDIT. THE GOVERNMENT INTENDS TO INCREASINGLY INSTITUTIONALIZE SHORT-TERM PRODUCTION CREDIT SO THAT BY THE END OF THE FIFTH PLAN APPROXIMATELY RS 1700 CRORES WOULD BE ADVANCED ANNUALLY THROUGH COOPERATIVES AND COMMERCIAL BANKS, OF THIS, ABOUT 40PERCENT WOULD BE MADE AVAILABLE TO SMALL FARMERS, REPRESENTING A SUBSTANTIAL INCREASE IN CREDIT SUPPORT.

4. RICE PRODUCTION. A MAJOR EFFORT IS BEING UNDERTAKEN TO ACCELERATE THE DEVELOPMENT AND INTRODUCTION OF NEW TECHNOLOGIES IN RICE PRODUCTION, SINCE THIS MOST IMPORTANT OF INDIA'S FOOD-GRAINS HAS TO DATE NOT BENEFITTED FROM HIGH-YIELDING VARIETIES PROGRAMS TO THE EXTENT ACHIEVED BY WHEAT AND BAJRA(MILLET). DURING THE PERIOD OF THE FIFTH PLAN AN ANNUAL COMPOUND GROWTH RATE TARGET OF 4.2PERCENT HAS BEEN ADOPTED FOR RICE PRODUCTION, WHICH IS TO BE ACHIEVED LARGELY THROUGH EXTENSION OF HIGH YIELDING VARIETIES FROM 10 MILLION HECTARES TO 16.5 MILLION HECTARES BY THE END OF THE PERIOD. THE GOVERNMENT IS UNDERTAKING MAJOR COORDINATED RESEARCH AND EXTENSION PROGRAMS FOR THE NECESSARY NEW REGIONAL VARIETIES, PEST CONTROL, AND IMPROVED WATER MANAGEMENT PRACTICES.

5. DRYLAND FARMING. TO IMPROVE PRODUCTION FROM INDIA'S EXTENSIVE SEMI-ARID AREAS, AND OF PARTICULAR BENEFIT TO MANY SMALL FARMERS, AN ALL-INDIA COORDINATED RESEARCH PROJECT ON DRYLAND FARMING HAS BEEN INSTITUTED AND IS TO BE STRENGTHENED AND EXTENDED DURING THE FIFTH PLAN. A TECHNOLOGICAL PACKAGE IS BEING DEVELOPED INCLUDING CROP SUBSTITUTION, VARIETAL PLANNING, FERTILIZER APPLICATION, APPROPRIATE TILLAGE AND OTHER WATER CONSERVING PRACTICES. RESEARCH IS BEING COORDINATED WITH THE INTERNATIONAL CROP RESEARCH INSTITUTE FOR THE SEMI-ARID TROPICS, AND IS SUPPORTIVE OF A MAJOR NEW DROUGHT-PRONE AREAS PROGRAM.

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6. STORAGE. THE GOVERNMENT PLANS TO INCREASE FOODGRAINS STORAGE CAPACITY OF THE FOOD CORPORATION OF INDIA BY 47PERCENT AND THAT OF THE STATE AND COOPERATIVE AGENCIES BY ABOUT 80 PERCENT DURING THE FIFTH PLAN. THIS GROWTH IN STORAGE CAPACITY IS DEEMED NECESSARY TO MEET THE ANTICIPATED GROWTH IN THE VOLUME OF PROCUREMENT BY THE STATE AND COOPERATIVE AGENCIES. ADDITIONALLY, THE GOVERNMENT IS IMPROVING STORAGE CONDITIONS AT THE FARM LEVEL BY MAKING STORAGE BINS AVAILABLE TO FARMERS AND BY STRENGTHENING THE SAVE GRAIN CAMPAIGN.

7. DISTRIBUTION. THE DISTRIBUTION OF FOODGRAINS THROUGH THE GOVERNMENT SYSTEM OF FAIR PRICE SHOPS IS TO BE SUBSTANTIALLY ENLARGED WITH A VIEW TO PROTECTING THE INTERESTS OF THE VULNERABLE SECTIONS OF THE CONSUMING PUBLIC. THE GOVERNMENT HAS RECOGNIZED

THE IMPORTANCE OF A FLEXIBLE PRICE POLICY TO INDUCE FARMERS TO
PLAN THE PRODUCTION OF CROPS IN LINE WITH ESTIMATED DEMAND.
FOR THIS PURPOSE
THE GOVERNMENT HAS INSTITUTED AND INTENDS TO
MAINTAIN A MINIMUM SUPPORT PRICE BASED ON COSTS OF PRODUCTION,
AND A PROCUREMENT PRICE BASED ON A PREMIUM TO BE DETERMINED
EACH YEAR BY CONSIDERATIONS OF SUPPLY AND REQUIREMENTS OF
PUBLIC DISTRIBUTION. END QUOTE.
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